

REMARKS

Claims 3-15, 18 and 19 remain pending in the application.

Claim 4 has been amended to correct the antecedent basis issue note by the Examiner.

A Notice of Appeal accompanies this paper. Many issues seem destined for presentation to the Board. Some, however, might be resolved without taking the Board's time.

One is the Examiner's construction of a "digital watermark" to encompass the paper watermark employed by Suzuki. The Examiner is requested to reconsider his position on this issue. The specification makes repeated reference to digital watermarking (*see, e.g., the reference at page 1, lines 19-20, stating "Digital watermarking is a process for modifying physical or electronic media to embed a machine-readable code into the media."*) The term is also commonly used within the technical literature (the Examiner is invited to check Google, where a search of the term yields nearly 50,000 hits).

The interpretation adopted by the Examiner is contrary to the meaning evidenced by the specification, and has not been shown to be supported by any of the myriad uses of the term in the technical literature. So that the Board can be spared this diversion, the Examiner is requested to construe the claim term in a manner consistent with its usage in applicants' specification. (Any concern about the claim term later being given an interpretation encompassing a paper watermark should be redressed by applicants' remarks – including these – expressly disavowing conventional paper watermarks as falling within the scope of the term.)

A second point that might be addressed without the Board's attention is the matter of incorporation-by reference, re patent 6,614,914. In particular, the Examiner is requested to state what matter essential to the claims of the *present* application is not expressly taught by the '914 patent, but rather is incorporated-by-reference into that patent from *another* patent. It is only incorporation of such twice-removed subject matter, by reference, that the MPEP is understood to proscribe (and not, as seemingly suggested by the Examiner's comments, *all* incorporatory references to patents which happen to incorporate some other subject matter by reference).

Finally, the Examiner is requested to reconsider his position concerning the § 112 rejection of claim 7. In particular, the Examiner's rationale for his position is based on *comments* made in applicants' *arguments* urging the patentability of claim 7 – *not* applicants' specification. The *Mayhew* case cited in the Action involved an assessment of essentiality *based on applicants' specification*.

In the present case, the Examiner will recall, the term *overlap* did not even get mentioned in the specification. It appeared only in the originally-filed claims. Accordingly, and unlike *Mayhew*, the specification does not compel a finding that the questioned limitation is in any way essential.

Indeed, the specification describes embodiments in which the claimed block analysis does *not* include identifying potentially overlapping blocks (*c.f.* page 5, lines 18-20, which does not refer to the blocks as being overlapping; *see, also*, Fig. 1 at reference numeral 106, where "block 4" overlaps with none other).

Accordingly, the Examiner is requested to withdraw the § 112 rejection of claim 7.

Date: October 26, 2004

CUSTOMER NUMBER 23735

Phone: 503-469-4800
FAX 503-469-4777

Respectfully submitted,

DIGIMARC CORPORATION

By



William X. Conwell
Registration No. 31,943